

## Iowa Financial Literacy Program

### Intended Learning Outcomes

#### Module #1: Overview

In this module, students are introduced to the expert narrators who speak directly to the students throughout the entire course. The students are also given an interactive tutorial on how to maximize their experience on the portal. In addition to serving as a launching pad for the courses and simulation, the portal serves as an ongoing resource and support tool, to keep learners engaged and provides additional learning opportunities.

#### Module #2: Savings

In this module, students learn the important habits of savings and budgeting. They learn how interest fuels savings accumulation and what vehicles can augment this process for individuals. Topics covered include interest, compound interest, The Rule of 72, principal, capital, budgeting and managing expenditures to creating a savings plan, and types of savings vehicles. Students learn to create a monthly budget for expenses like insurance, student loans, utilities, transportation, credit card payments, rent, food, and entertainment. They participate in an interactive budgeting game in which they must first place various purchase receipts and bills into categories. Then they must make tough choices to reduce their monthly expenditures by \$500. In this exercise, a major component focuses on food, eating out, packing a lunch, and other life-skills. Additionally, they learn the specifics of interest and compound interest by calculating compound interest earned on principal and the number of years it would take to save for a car.

##### Topics Covered:

- Interest
- Compound interest
- The Rule of 72
- Budgeting and managing expenditures to creating a saving plan
- Principal
- Capital
- Types of savings vehicle
- Creating a monthly budget for expenses like insurance, student loans, utilities, transportation, credit card payments, rent, food, and entertainment.

#### Module #3: Banking

In this module, students learn about the banking system, retail banks, credit unions, and commercial banks. Students examine typical account types (i.e. checking, savings) and their features. Students will have learned how to complete a check, use online banking resources, and monitor account balance activity. Topics covered include an overview of the Federal Reserve banking system, payday lenders, and FDIC Insurance. Students develop a practical understanding of how different account features like protection plans for overdraft or minimum balance requirements can benefit or potentially harm financial condition differently given their income, goals, and previous savings.

##### Topics Covered:

- Complete a check
- Use online banking resources
- Monitor account balance activity
- Develop a practical understanding of how different account features (i.e. protection plans for overdraft, minimum balance requirements) can benefit or detriment people

## Module #4: Payment Types, Interest Rates, and Credit Cards

In this module, students learn about payment types, credit card interest rates, installment credit definitions, selecting and using credit activity, making credit card payments, and getting out of debt. They will understand features like APR, annual fees, credit limits, and rewards for signing up for a new card. Topics covered include cash advances, payday loans, debit cards, merchant cards, Annual Percentage Rates on credit cards, credit limits, annual fees on credit cards, grace periods, minimum payments, and other fee structures associated with credit cards. Students will have successfully calculated a return on an initial investment with different interest rates and compounding frequencies. Students will be familiar with how minimum payments work, and how to calculate the time necessary to pay off credit card debt using only the minimum payment. Students have an interactive look at selecting a credit card as they explore a 3D rendered environment that displays various credit card features.

### Topics Covered:

- Cash advances
- Payday loans
- Debit cards
- Merchant cards
- Annual Percentage Rates on credit cards
- Credit limit
- Annual fees on credit cards
- Grace periods
- Minimum payments
- Other fee structures associated with credit cards
- Calculating a return on an initial investment with different interest rates and compounding frequencies.

## Module #5: Credit Scores

Students learn about the importance of a credit score and how to take control of it. Students will understand what a credit score is, how it is calculated, and what the implications of good or bad credit mean. They participate in activities that focus on the financial decisions most detrimental to a credit score and highlight how easily one's credit can be ruined. The module also includes: agencies that calculate credit scores, what impacts credit scores and how to manage a credit score, FICO, the major credit bureaus, credit checks, and purchases typically requiring good credit.

### Topics Covered:

- What a credit score is and how it is calculated
- Implications of good or bad credit mean
- Financial decisions most detrimental to a credit score
- How easily one's credit can be ruined
- Who calculates credit scores
- What impacts credit scores
- How to manage a credit score
- FICO
- Major credit bureaus
- Credit checks
- Purchases typically requiring good credit.

## Module #6: Financing Higher Education

Upon completion of this module, students will have developed a strong understanding of the steps involved in the student loan process. From the initial stages of filling out a FAFSA to understanding repayment obligations for loans they've already taken out, students will cover topics including scholarships, grants, different loan types, good debt vs. bad debt,

depreciation vs. appreciation, cost of school attendance, Master Promissory Note, loan payback schedules and returns on investments (including future returns on appreciating assets and an education). To further reinforce these topics, students will assume the role of a financial advisor to provide advice to their fellow classmates.

Topics Covered:

- Initial stages of filling out a FAFSA
- Understanding repayment obligations for loans they've already taken out
- Scholarships, grants, different loan types
- Good debt vs. bad debt
- Depreciation vs. appreciation
- Cost of school attendance
- Master Promissory Note
- Loan payback schedules and returns on investments (including future returns on appreciating assets and an education)

## **Module #7: Renting vs. Owning**

Through this module, students will utilize a cost benefit analyses framework in order to evaluate whether to buy, lease or rent a home or vehicle. The module covers mortgages, appreciation, depreciation, tax incentives, lease terms, fixed and adjustable rate mortgages, balloon payments, liens and foreclosures. Students will be asked to think strategically, by using their problem-solving skills to provide solutions to complex, real life, renting vs. owning scenarios.

Topics Covered:

- Mortgages
- Appreciation
- Depreciation
- Tax incentives
- Lease terms
- Fixed and adjustable rate mortgages
- Balloon payments
- Liens and foreclosures.

## **Module #8: Insurances and Taxes**

This module will cover topics including sales tax, income tax brackets, property taxes, capital gains taxes, and tax forms (1040, W4, & W2) to convey the importance of these obligations clearly. Students will assume the role of a tax consultant and complete an individual tax return in order to calculate the taxes owed for a client. Furthermore, students will run a scenario analysis to highlight the relationships between salary, federal tax withholdings and net pay. Also, the module will review the most relevant types of insurance (health, homeowners, renter's, and auto) and their benefits. Students will evaluate multiple health insurance policies and calculate the costs associated with each (incorporating the policy's term policy, deductible and premium), in order to recommend an optimal policy.

Topics Covered:

- Sales tax
- Income tax brackets
- Property taxes
- Capital gains taxes, and tax form (1040, W4, & W2)
- Health, homeowners, renter's, and auto insurance and their benefits

Calculate the costs associated with multiple health insurance policies (incorporating the policy's term policy, deductible and premium), in order to recommend

## Module #9: Consumer Fraud

This module focuses on the protection of personal financial information, details identity theft and how to prevent it, the impact identity theft can have on a person's life, as well as other consumer fraud protection laws (the Fair Credit Reporting Act, the Fair Debt Collection Practices Act, and the Truth in Lending Act). Upon completion of this module, students will be able to prevent common consumer fraud practices (including phishing scams, credit card and banking fraud, and phone and utility theft). In addition, students will develop best practices (including checking credit reports once a year) to spot identity theft.

### Topics Covered:

- Consumer fraud protection laws (the Fair Credit Reporting Act, the Fair Debt Collection Practices Act, and the Truth in Lending Act)
- Preventing common consumer fraud practices (including phishing scams, credit card and banking fraud, and phone and utility theft)
- Develop best practices (including checking credit card report once a year) to spot identity theft

## Module #10: Investing

This module brings students to the floor of the major Stock Exchanges. Students will cover topics including stocks, bonds, mutual funds, risk and reward dynamics, rates of return, shareholders, dividends, and coupons. Students will become proficient in allocating the risk and return of stocks, bonds, mutual funds, and savings accounts to create an optimal investment portfolio. Also, students will familiarize themselves with reading a stock quote and understanding how to evaluate a company based on its price, market capitalization, dividend yield, earnings-per-share and price-to-earnings ratio. Students will become proficient in a basic understanding of how certain securities are traded.

### Topics Covered:

- Stocks
- Bonds
- Mutual funds
- Risk and reward dynamics
- Rate of return
- Shareholders
- Dividends
- Coupons
- Allocating the risk and return of stocks, bonds, mutual funds, and savings accounts to create an optimal investment portfolio
- Reading a stock quote
- Evaluating a company based on its price, market capitalization, dividend yield, earnings-per-share and price-to-earnings ratio.

## EverFi Life Game

EverFi Life is an interactive, virtual world game that students play through a customized avatar character at three different life stages. Each of the three game modes: High School, College, and Post College come with a different set of mission objectives. The end users must construct a budget for their character within each game mode. They select a budget that includes cell phone plans, groceries, car insurance, savings, investments, rent, entertainment, utilities and more.

Throughout each stage, the characters earn points in the game by making wise financial decisions within a variety of real-life scenarios. These objectives include opening a checking account, paying off student loans, applying for summer jobs, paying taxes and utilities and making basic investment decisions. This enables students to apply what they've learned in the modules within an engaging format.